

Message Text

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ACTION EB-07

INFO OCT-01 ARA-06 ISO-00 FEA-01 AGR-05 CEA-01 CIAE-00

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NSAE-00 NSC-05 PA-01 AID-05 CIEP-01 SS-15 STR-04

ITC-01 TRSE-00 USIA-06 PRS-01 SP-02 OMB-01 /087 W

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R 102223Z FEB 76

FM AMEMBASSY MANAGUA

TO SECSTATE WASHDC 9105

INFO AMEMBASSY PANAMA

AMEMBASSY SAN JOSE

AMEMBASSY SAN SALVADOR

AMEMBASSY TEGUCIGALPA

AMEMBASSY GUATEMALA

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EO 11652: N/A

TAGS: ETRD, MTN, XK, NU

SUBJECT: TROPICAL PRODUCTS NEGOTIATIONS

REF: 75 STATE 287116

1. IN LINE WITH NICARAGUA'S GENERAL LAISSEZ-FAIRE ECONOMIC POLICIES, THERE ARE FEW MAJOR OBSTACLES TO INTERNATIONAL TRADE. THERE ARE NO EXCHANGE RESTRICTIONS AND NO PRIOR DEPOSITS ARE REQUIRED FOR IMPORTS. OF COURSE, DUTIES ARE HIGH ON MANY LUXURY AND LOCALLY PRODUCED ITEMS, BUT SUCH DUTIES ARE PART OF NICARAGUA'S DEVELOPMENT POLICIES AS WELL AS REGIONAL CENTRAL AMERICAN COMMON MARKET AGREEMENTS. THERE ARE SOME TRADE RESTRICTIONS WORTH BRINGING UP HOWEVER.

2. OCCASIONALLY BANS OR RESTRICTIONS ON THE IMPORTATION OR EXPORTATION OF CERTAIN PRODUCTS ARE IMPOSED BY THE GON.

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IMPORTATION OF TEXTILE GOODS AND FOOTWEAR IS

LIMITED TO PROTECT NICARAGUAN PRODUCERS, FOR EXAMPLE. EXPORTS OF COTTONSEED AND CATTLE ARE RESTRICTED TO PROTECT NICARAGUAN VEGETABLE OIL AND MEAT PROCESSING INDUSTRIES. THESE RESTRICTIONS ON FOREIGN TRADE ARE MINOR, HOWEVER, AND GENERALLY DO NOT AFFECT THE UNITED STATES. THEY COULD BE A BARGAINING POINT SINCE SUCH SELECTIVE TRADE RESTRICTIONS MAY BECOME MORE COMMON IN THE FUTURE IF NICARAGUA'S BALANCE OF PAYMENTS DOES NOT IMPROVE SUBSTANTIALY.

3. ONE IMPORTANT TRADE RESTRICTING MEASURE IS THE CHARGING OF A 7 PCT AD VALORUM CONSULAR FEE LEVIED ON ALL ITEMS NOT CONTAINED IN THE CENTRAL AMERICAN COMMON MARKET UNIFIED TARIFF AGREEMENT. CURRENTLY ONLY 1/2 OF 1 PCT OF ALL TARIFF CLASSIFICATIONS REMAIN TO BE EQUALIZED AMONG MEMBER COUNTRIES; HOWEVER, SOME IMPORTANT IMPORT ITEMS ARE INCLUDED IN THIS 1/2 OF 1 PCT OF ALL TARIFF CLASSIFICATIONS, WITH PERHAPS ABOUT 5 PCT OF THE VALUE OF NICARAGUA'S TOTAL IMPORTS AFFECTED. SUCH CONSULAR FEES ARE PAID TO THE NICARAGUAN CONSULATE IN THE COUNTRY OF ORIGIN OF THE MERCHANDISE.

4. ALL SHIPPING DOCUMENTS FOR IMPORTS, EXCEPT PARCEL POST AND AIR CARGO SHIPMENTS WITH A VALUE UNDER US\$100 FOB MUST BE LEGALIZED BY A NICARAGUAN CONSUL IN THE COUNTRY OF ORIGIN. FEES FOR SUCH LEGALIZATION OF INVOICES AND BILLS OF LADING RUN ABOUT US\$5.00 TO US\$10.00 PER SHIPMENT.

5. IN SUMMARY, WHILE THERE MAY NOT BE MANY CONCESSIONS TO BE GAINED IN THE AREA OF TARIFF DUTIES, SELECTIVE TRADE RESTRICTIONS, CONSULAR FEES AND CONSULAR LEGALIZATION OF DOCUMENTS ARE GOOD NEGOTIATION POINTS.
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